

VILLAGE OF MORGANZA, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-6-07

VILLAGE OF MORGANZA  
POINTE COUPEE PARISH, LOUISIANA  
P. O. BOX 66  
MORGANZA, LA 70759  
(225) 694-3655

MAYOR  
Charles Landry

ALDERMEN  
Eric Gustin  
John Mitch Langlois  
Salvador J. Tuminello

CITY MANAGER  
Mark S. Ramagos

CITY CLERK  
Diane Grantham

CHIEF OF POLICE  
Joseph B. Robillard

MEETING DATE  
1st Thursday of Every Month  
7:00 PM - Town Hall

**VILLAGE OF MORGANZA, LOUISIANA  
FOR THE YEAR ENDED JUNE 30, 2006  
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*George F. Delaune*

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**INDEPENDENT AUDITOR'S REPORT**

**The Honorable Charles Landry, Mayor  
and Members of the Board of Aldermen  
Village of Morganza, Louisiana**

I have audited the accompanying financial statements of the governmental activities and business-type activities of the VILLAGE OF MORGANZA, LOUISIANA, as of and for the year ended June 30, 2006, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village of Morganza, Louisiana, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the business-type activities of the Village of Morganza, Louisiana, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 26, 2007, on my consideration of the Village of Morganza, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

*George F. Delaune, CPA*

February 26, 2007

# *Village of Morganza, Louisiana*

## *Management's Discussion and Analysis*

### *June 30, 2006*

This discussion and analysis is intended to be an easily readable analysis of the Village of Morganza's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the accompanying basic financial statements, which begin on page 7.

#### **Report Layout**

This annual report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information.

The Statement of Net Assets and the Statement of Activities (on page 8-9) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

#### **Reporting the City as a Whole**

##### **The Statement of Net Assets and the Statement of Activities**

Our analysis of the Village as a whole begins on page 3. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's net assets and changes in them. You can think of the Village's net assets—the difference between assets and liabilities—as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as a changes in the Village's property tax base and the condition of the Village's roads, to assess the overall health of the Village.

In the Statement of Net Assets and the Statement of Activities, we divide the Village into two kinds of activities:

- **Governmental activities** – Most of the Village's basic services are reported here, including the general administration, police, and streets. Property taxes, sales taxes, franchise fees, and fines finance most of these activities.
- **Business-type activities** – The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's natural gas, water, and sewer systems are reported here.

## Reporting the Village's Most Significant Funds

### Fund Financial Statements

Our analysis of the Village's major funds begins on page 4. The fund financial statements begin on page 19 and provide detailed information about the most significant funds – not the Village as a whole. Some funds are required to be established by State law and by bond covenants. However, the Village Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Village's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- **Proprietary funds** – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Village's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

## THE CITY AS A WHOLE

For the years ended June 30, 2006 and 2005, net assets changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Beginning net assets	\$ 131,927	\$ 108,106	\$ 2,138,946	\$ 2,261,354	\$ 2,270,873	\$ 2,369,460
Increase (decrease) in net assets	225,194	23,821	(76,220)	(122,408)	148,974	(98,587)
Ending net assets	<u>\$ 357,121</u>	<u>\$ 131,927</u>	<u>\$ 2,062,726</u>	<u>\$ 2,138,946</u>	<u>\$ 2,419,847</u>	<u>\$ 2,270,873</u>

That reflects an increase of 170.70% for governmental activities and a decrease of 3.57% for business-type activities for the year ended June 30, 2006

### Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Village's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General government	Building permits, occupational licenses
Police	Fines
Streets	Grass cutting, mosquito abatement

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

#### Business-type Activities

In reviewing the department net (expense)/revenue, it should be pointed out that general and administrative expenses have not been allocated to natural gas, water, or sewer operations; therefore, if allocated, net (expense)/revenue would be significantly different for each of these operations.

### THE VILLAGE'S FUNDS

With the implementation of two new accounting standards, an analysis of current- and prior-year governmental fund (in particular the general fund) balance sheets is difficult to do. In subsequent years, this section will discuss and analyze significant differences.

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2006, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2006 Amount	Percent of Total	FYE 2005 Amount	Increase (Decrease) from FYE 2005	Percent Increase (Decrease)
Taxes	\$ 100,808	26.81%	\$ 77,995	\$ 22,813	29.25%
Intergovernmental	220,392	58.62%	16,605	203,787	1227.26%
Charges for services	3,707	0.99%	3,649	58	1.59%
Fines and forfeitures	11,356	3.02%	9,831	1,525	15.51%
Licenses and permits	21,099	5.61%	23,197	(2,098)	-9.04%
Interest	1,328	0.35%	497	831	167.20%
Miscellaneous	17,263	4.59%	4,404	12,859	291.98%
<b>Total Revenues</b>	<b>\$ 375,953</b>	<b>100.00%</b>	<b>\$ 136,178</b>	<b>\$ 239,775</b>	<b>176.07%</b>

Expenditures	FYE 2006 Amount	Percent of Total	FYE 2005 Amount	Increase (Decrease) from FYE 2005	Percent Increase (Decrease)
General government	\$ 56,338	14.91%	\$ 42,660	\$ 13,678	32.06%
Police	47,159	12.48%	47,321	(162)	-0.34%
Street	65,559	17.35%	39,831	25,728	64.59%
Capital outlay	208,892	55.27%	3,366	205,526	6105.94%
<b>Total Expenditures</b>	<b>\$ 377,948</b>	<b>100.00%</b>	<b>\$ 133,178</b>	<b>\$ 244,770</b>	<b>183.79%</b>

The significant increase in general government expenditures is attributed to the amount spent on the acquisition of a fire truck and firefighting equipment in 2006 of \$168,425. The acquisition was purchased with the aid of a Louisiana Community Development Block Grant to assist Fire Protection District No. 2 reduce the fire rating for the fire district served by the Village. The Village intends to transfer this equipment to the Fire District in the future.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was very conservative. As increased revenues were received, they were used to offset increases in operating costs brought on by inflation.

## CAPITAL ASSET

### Capital Assets

At the end of June 30, 2006, the Village had \$3.0 million invested in capital assets (cost) including police, streets, and water, sewer, and gas lines. (See table below.) This represents a net increase of \$218,418, or - 7.82%, over last year.

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$ 2,000	\$ 2,000	\$ 12,610	\$ 12,610	\$ 14,610	\$ 14,610
Buildings	48,588	48,588	11,291	11,291	59,879	59,879
Improvements			16,553	16,553	16,553	16,553
Equipment	296,027	108,403	114,402	98,608	410,429	207,011
Infrastructure	15,000				15,000	0
Utility property			2,497,999	2,497,999	2,497,999	2,497,999
Totals	<u>\$ 361,615</u>	<u>\$ 158,991</u>	<u>\$ 2,652,855</u>	<u>\$ 2,637,061</u>	<u>\$ 3,014,470</u>	<u>\$ 2,796,052</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the increase in revenues experienced this year, next year's general fund budget was determined based on maintaining the level of revenues in hopes of providing the same level of services.

The business-type activities will see a major change due to strict enforcement of new collections policies on delinquent accounts.

## CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens , taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Diane Grantham, Clerk at 113 West Railroad Avenue, Morganza, LA (225) 694-3655, fax (225) 694-2472.



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## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- **Government-wide financial statements**
- **Fund financial statements**
  - **Governmental funds**
  - **Proprietary (enterprise) fund**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**VILLAGE OF MORGANZA, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash including time deposits	\$ 83,238	\$ 440,488	\$ 523,726
Accounts receivable (net)	6,070	202,508	208,578
Receivable from other governments	3,818	0	3,818
Due from other funds	0	8,298	8,298
Prepaid expenses	0	5,049	5,049
Total current assets	<u>93,126</u>	<u>656,343</u>	<u>749,469</u>
<b>Noncurrent Assets:</b>			
Capital assets (net)	<u>277,746</u>	<u>1,532,527</u>	<u>1,810,273</u>
Total noncurrent assets	<u>277,746</u>	<u>1,532,527</u>	<u>1,810,273</u>
<b>Total Assets</b>	<u>370,872</u>	<u>2,188,870</u>	<u>2,559,742</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	3,709	14,794	18,503
Accrued salaries payable	560	0	560
Payroll deductions and accruals	1,134	4,191	5,325
Due to other governments	0	52,156	52,156
Due to other funds	8,348	0	8,348
Consumer deposits	0	55,004	55,004
Total current liabilities	<u>13,751</u>	<u>126,145</u>	<u>139,896</u>
<b>Total Liabilities</b>	<u>13,751</u>	<u>126,145</u>	<u>139,896</u>
<b>NET ASSETS</b>			
Invested in capital assets	277,746	1,532,527	1,810,273
Unrestricted - undesignated	<u>79,375</u>	<u>530,198</u>	<u>609,573</u>
<b>Total Net Assets</b>	<u>\$ 357,121</u>	<u>\$ 2,062,725</u>	<u>\$ 2,419,846</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF MORGANZA, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
<b>Governmental activities:</b>					
General government	\$ 59,013	\$ 21,099			\$ (37,914)
Police	48,958	11,356		\$ 1,186	(36,416)
Fire protection	0	0		163,925	163,925
Streets	71,119	3,707	\$ 30,014	14,600	(22,798)
<b>Total governmental activities</b>	<b>179,090</b>	<b>36,162</b>	<b>30,014</b>	<b>179,711</b>	<b>66,797</b>
<b>Business-type activities:</b>					
General and administrative	183,546	247			(183,299)
Natural gas	272,561	406,064			133,503
Water	66,909	57,449			(9,460)
Sewer	68,824	55,777			(13,047)
<b>Total business-type activities</b>	<b>591,840</b>	<b>519,537</b>	<b>0</b>	<b>0</b>	<b>(72,303)</b>
<b>Total</b>	<b>\$ 770,930</b>	<b>\$ 555,699</b>	<b>\$ 30,014</b>	<b>\$ 179,711</b>	<b>\$ (5,506)</b>

**Change in Net Assets:**

	Governmental Activities	Business-type Activities	Total
<b>Net (expense)/revenue</b>	<b>\$ 66,797</b>	<b>\$ (72,303)</b>	<b>\$ (5,506)</b>
<b>General revenues:</b>			
<b>Taxes:</b>			
Property taxes, net	11,357		11,357
Sales and use taxes	62,031		62,031
Franchise taxes	27,420		27,420
Intergovernmental	10,667	15,258	25,925
Investment income	1,328	15,325	16,653
Miscellaneous	11,094		11,094
Transfers – internal activity	34,500	(34,500)	0
<b>Total general revenues and transfers</b>	<b>158,397</b>	<b>(3,917)</b>	<b>154,480</b>
<b>Change in net assets</b>	<b>225,194</b>	<b>(76,220)</b>	<b>148,974</b>
<b>Net assets – beginning</b>	<b>131,927</b>	<b>2,138,946</b>	<b>2,270,873</b>
<b>Net Assets - Ending</b>	<b>\$ 357,121</b>	<b>\$ 2,062,726</b>	<b>\$ 2,419,847</b>

See accompanying notes to the basic financial statements.

**VILLAGE OF MORGANZA, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	General Fund	LCDBG Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash, including time deposits	\$ 83,188	\$ 50	\$ 83,238
Accounts receivable (net)	6,070		6,070
Receivable from other governments	3,818		3,818
<b>Total Assets</b>	<b>93,076</b>	<b>50</b>	<b>93,126</b>
<b>LIABILITIES</b>			
Accounts payable	3,709		3,709
Accrued salaries payable	560		560
Payroll deductions and accruals	1,134		1,134
Due to other funds	8,298	50	8,348
<b>Total Liabilities</b>	<b>13,701</b>	<b>50</b>	<b>13,751</b>
<b>FUND BALANCES</b>			
Unreserved, reported in:			
General fund	79,375		79,375
<b>Total Liabilities and Fund Balances</b>	<b>\$ 93,076</b>	<b>\$ 50</b>	

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$83,869	277,746
<b>Net Assets of Governmental Activities</b>	<b>\$ 357,121</b>

See accompanying notes to the basic financial statements.

## **Basic Financial Statements**

**Government-Wide  
Financial Statements (GWFS)**

**City of Leesville, Louisiana**  
**Statement of Net Assets**  
**June 30, 2006**

**Exhibit A**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,088,939	\$ 160,316	\$ 2,249,255
Receivables, net	635,081	224,062	859,143
Internal balances	112,186	(112,186)	-
Due from other governments	588,280	-	588,280
Prepaid expenses	166,660	23,857	190,517
Inventories	72,955	-	72,955
Restricted cash and cash equivalents	-	575,876	575,876
Deferred bond issuance costs	-	27,944	27,944
Capital assets			
Land and construction in progress	1,193,313	208,255	1,401,568
Other capital assets, net of depreciation	15,049,766	10,364,541	25,414,307
Total Assets	<u>19,907,180</u>	<u>11,472,665</u>	<u>31,379,845</u>
<b>Liabilities</b>			
Accounts payable	786,777	57,910	844,687
Accrued interest	72,617	32,947	105,564
Other accrued expense	5,970	2,275	8,245
Deferred revenues	1	-	1
Long-term liabilities			
Due within one year	314,972	385,000	699,972
Due in more than one year	5,192,024	3,178,192	8,370,216
Total Liabilities	<u>6,372,361</u>	<u>3,656,324</u>	<u>10,028,685</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	10,998,176	7,202,804	18,200,980
Restricted for			
Capital projects	885,496	59,610	945,106
Debt service	674,590	-	674,590
Capital additions and contingencies	-	36,851	36,851
Unrestricted	976,557	517,076	1,493,633
<b>Total Net Assets</b>	<u>\$ 13,534,819</u>	<u>\$ 7,816,341</u>	<u>\$ 21,351,160</u>

The accompanying notes are an integral part of the financial statements.



**VILLAGE OF MORGANZA, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2006**

	<b>Public Utilities Enterprise Fund</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 479,869
Reimbursements	1,761
Payments to suppliers	(403,536)
Payments to employees and benefits	(126,510)
<b>Net Cash (Used) by Operating Activities</b>	<b>(48,416)</b>
<b>Cash Flows from Non-Operating Activities</b>	
Transfer to General Fund	(30,000)
Transfer to LCDBG Fund	(4,500)
Decrease in amount due from General Fund	9,383
Increase in amount due on Pointe Coupee Parish Solid Waste	4,908
<b>Net Cash Provided by Non-Operating Activities</b>	<b>(20,209)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Grant received from State of Louisiana	13,497
Purchase of capital assets	(15,794)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>(2,297)</b>
<b>Cash Flows from Investing Activities</b>	
Interest earned	15,325
<b>Net Cash Provided by Investing Activities</b>	<b>15,325</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(55,597)</b>
<b>Balances - Beginning of Year</b>	<b>496,085</b>
<b>Balances - End of Year</b>	<b>\$ 440,488</b>
<b>Reconciliation of Net Operating Loss to Net Cash     Provided (Used) by Operating Activities</b>	
<b>Net operating loss</b>	<b>\$ (76,220)</b>
<b>Adjustments to reconcile net operating loss to net cash     provided (used) by operating activities:</b>	
<b>Cash flows reported in other categories:</b>	
Depreciation expense	78,232
<b>Change in assets and liabilities:</b>	
Receivables	(58,246)
Prepaid insurance	1,261
Accounts payable	2,543
Payroll deductions and accruals	1,129
Consumer meter deposits	2,885
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (48,416)</b>

See accompanying notes to the basic financial statements.

**VILLAGE OF MORGANZA, LA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Utility Service Agreement**  
**Centralized Collection Agency Agreement**  
**Pension Plan and Retirement Commitments**  
**Contingent Liabilities**  
**Compensation Paid to Board Members**

**VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Village of Morganza, Louisiana (the "Village") was incorporated on March 6, 1908, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Village provides police protection; streets and drainage maintenance; public improvements; gas, water, and sewer services; and general administration. The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and three Council Members are elected at large to serve four year terms. The Mayor is entitled to a per diem of \$200 per month and each Council Member \$120 for each meeting attended. The Village of Morganza is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population as of July 1, 1997 was 759. The Village employs six full-time employees. The Village serves 490 gas customers, 325 water customers, and 293 sewer customers; and maintains 20 miles of streets.

As the municipal governing authority, for reporting purposes, the Village of Morganza is considered a separate financial reporting entity. The financial reporting entity consists of [a] the primary government (municipality), [b] organizations for which the primary government is financially accountable, and [c] other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Morganza for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

- Appointing a voting majority of an organization's governing body, and
  - The ability of the municipality to impose its will on that organization and/or
  - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
- Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
- Organizations for which the reporting entity financial statements should be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, since the Village has no component units, these financial statements present the primary government of the Village of Morganza.

**Other Organizations**

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as [a] related organizations, [b] joint ventures and jointly governed organizations, and [c] component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18th Judicial District. It was determined that these governmental entities are not component units of the Village of Morganza reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Village of Morganza.

## VILLAGE OF MORGANZA, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Also, excluded from the reporting entity:

Fire Protection District No. 2 of the Parish of Pointe Coupee, Louisiana

This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents, within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

### Basis of Presentation

The accompanying financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### Measurement Focus and Basis of Accounting

#### Fund Accounting

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

#### Governmental Funds

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund -- the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

#### Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund -- account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus -- modified accrual basis

**VILLAGE OF MORGANZA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting,

**Revenues:**

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Consequently, the Village recognizes revenues as follows:

- Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.
- Sales and use tax revenues are recorded in the month they are received by the centralized parish sales tax collector.
- Federal and state grants and reimbursements are recorded when the Village is entitled to the funds. Where grant revenue is dependent upon expenditures by the Village, revenue is recognized when the related expenditures are incurred.
- Fines, forfeitures, and court costs are recorded in the year they are received by the Village or parish tax collector.
- Fees, charges and commissions are recognized as revenue in the month in which they are earned and billed.
- Substantially all other revenues are recorded when received by the Village.

**Expenditures:**

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Other Financing Sources (Uses):**

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Transfers are recorded when the funds are actually transferred.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

**Encumbrances**

The Village does not follow the encumbrance method of accounting.

**Budgets**

The Village uses the following budget practices:

**VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

- Budgets are prepared for the General Fund and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.
- A notice of the proposed operating budgets are published and since the budget for the General Fund is less than \$250,000; the Village is required to hold at least one public hearing. Publication of the budget was made after adoption.
- There were no budget amendments; consequently, the financial statements present the original budgets.

**Cash, Cash Equivalents, and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the Village of Morganza, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

**Accounts Receivable and Bad Debts**

The Village uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

**Inventories**

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

**General Fixed Assets**

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Asset Group of Accounts rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, streets, drainage system, and lighting systems, are not capitalized with other fixed assets. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

**Property, Plant and Equipment - Proprietary Fund**

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

**VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Depreciation has been calculated on depreciable property using the straight-line method. Estimated useful lives are as follows:

Natural Gas System	50 Years
Water System	10 - 50 Years
Sewer System	5 - 50 Years
Equipment	5 Years
Furniture and Office Equipment	3 - 10 Years
Vehicles	5 Years

### **Compensated Absences**

Accumulated unpaid vacation and sick leave is accrued when incurred in proprietary funds. The amount of accumulated vacation and sick leave recorded in the governmental funds is that amount, adjusted to current salary costs, which is expected to be liquidated with expendable available financial resources. Only the current portion is reflected in the funds. The remainder of the liability is reported in the General Long-Term Debt Account Group. The guidelines of GASB Codification Section C60 were applied in determining the liability for both governmental and proprietary funds.

### **Fund Equity**

#### **Reserves**

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

#### **Designated Fund Balances**

Designated fund balances represent tentative plans for future use of financial resources.

### **Sales and Use Tax**

The Village has a one per cent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

### **Total Columns on Combined Statements**

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### **NOTE 3 - LEVIED TAXES**

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values

# VILLAGE OF MORGANZA, LOUISIANA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Village. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the taxes are not paid by the due date of December 31st, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at June 30th are shown as accounts receivable.

The following is a summary of authorized and levied ad valorem taxes for the year 2005:

Fund	Authorized Millage	Levied Millage	Expiration Date
General Fund	7.00	6.44	Indefinite

The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the Village and their 2006 assessed valuation:

Taxpayer	Type of Business	Assessed Valuation	Tax Paid
Regions Bank of Louisiana	Banking	\$ 180,910	\$10,953
BellSouth Telecommunications, Inc.	Telephone	120,690	7,305
Pointe Coupee Electric Membership Corp.	Electric	40,780	2,468
J.J. III & Stephanie B. Ewing	Various	39,970	2,415
Entergy Services, Inc.	Electric	38,820	2,350
Charter Communications	Cable TV	25,920	1,566
Joseph C. & Rose V. Bergeron	Various	29,350	1,369
H. M. & W. Super Mart	Grocery	20,370	1,231
Guaranty Bank & Trust Company	Banking	14,780	1,074
Union Pacific Railroad Co.	Railroad	9,350	457

### NOTE 4 - CASH and CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2006:

Petty cash and cash on hand	\$ 310
Interest-bearing demand deposits	315,420
Time certificates of deposit	104,082
Louisiana Asset Management Pool	103,864
Total	<u>\$ 509,228</u>

These deposits are stated at cost, which approximates market. Under state statutes, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal



**VILLAGE OF MORGANZA, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2006, the Village has \$465,840 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$265,840 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Cash also consists of \$103,864 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at June 30, 2006 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

**NOTE 5 - CHANGES IN FIXED ASSETS**

A summary of changes in general fixed assets follows:

	7-1-2005	Additions	Deletions	6-30-2006
Land	\$ 2,000			\$ 2,000
Buildings	48,588			48,588
Equipment	0	\$ 15,000		15,000
Infrastructure	108,403	193,783	\$ (6,159)	296,027
	<u>\$ 158,991</u>	<u>\$ 208,783</u>	<u>\$ (6,159)</u>	<u>\$ 361,615</u>

A summary of changes in proprietary property, plant and equipment follows:

	7-1-2005	Additions	Deletions	6-30-2006
Land	\$ 12,610			\$ 12,610
Buildings	11,291			11,291
Improvements	16,553			16,553
Equipment	98,608	\$ 15,794		114,402
Utility property	2,497,999			2,497,999
	<u>2,637,061</u>	<u>\$ 15,794</u>		<u>2,652,855</u>
Accumulated depreciation	<u>(1,042,097)</u>	<u>\$ (78,232)</u>		<u>(1,120,328)</u>
	<u>\$ 1,594,964</u>			<u>\$ 1,532,527</u>

**NOTE 6 - UTILITY SERVICE AGREEMENT**

An agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the Village of Morganza provides for the billing of customers on the Village's system. This billing agreement went into effect for the month of October 1985. Under the terms of the agreement, the Village retains a \$ .75 per customer as a billing fee. The amount owed to the Solid Waste Disposal System as of June 30, 2006 is \$52,156.

**VILLAGE OF MORGANZA, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 7 - CENTRALIZED COLLECTION AGENCY AGREEMENT**

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Village entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992, the agreement authorizes the Village to compensate the collection agency 1.25% of the gross amounts collected.

**NOTE 8 - PENSION PLAN AND RETIREMENT COMMITMENTS**

**Social Security and Medicare -**

All employees of the Village are members of the Federal Social Security and Medicare System. The total payroll for employees of the Village covered by the System for the year ended June 30, 2006, was \$129,835.

The total contribution to the System is 15.3% of taxable payroll of which the Village and employees contribute 7.65% each. For the year ended June 30, 2006, the Village contributed \$9,932 to the System.

**NOTE 9 - CONTINGENT LIABILITIES**

There is no pending litigation against the Village.

**NOTE 10 - COMPENSATION PAID TO BOARD MEMBERS**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the mayor and board members is as follows:

Mayor	- Charles Landry	\$	2,400
Council Members	- John Mitch Langlois		1,440
	- Salvador J. Tuminello		1,440
	- Eric Gustin		1,440
		\$	<u>6,720</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**VILLAGE OF MORGANZA, LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts Original	Actual	Variance with Original Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 71,300	\$ 100,808	\$ 29,508
Intergovernmental	31,400	56,467	25,067
Charges for services	0	3,707	3,707
Fines and forfeitures	20,000	11,356	(8,644)
Licenses and permits	21,000	21,099	99
Investment income	200	1,328	1,128
Miscellaneous	2,034	17,263	15,229
Transfer from Public Utility Fund	30,000	30,000	0
<b>Total Revenues</b>	<b>175,934</b>	<b>242,028</b>	<b>66,094</b>
<b>EXPENDITURES</b>			
Current:			
General government	42,000	56,338	(14,338)
Police	53,330	47,159	6,171
Streets	38,232	65,559	(27,327)
Capital outlays:			
General government	8,000	12,347	(4,347)
Police	0	1,571	(1,571)
Streets and sidewalks	0	26,549	(26,549)
<b>Total Expenditures</b>	<b>141,562</b>	<b>209,523</b>	<b>(67,961)</b>
<b>Net Change in Fund Balances</b>	<b>34,372</b>	<b>32,505</b>	<b>(1,867)</b>
<b>Fund Balances - Beginning</b>	<b>46,871</b>	<b>46,871</b>	<b>0</b>
<b>Fund Balances - Ending</b>	<b>\$ 81,243</b>	<b>\$ 79,376</b>	<b>\$ (1,867)</b>

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## **OTHER REPORTS REQUIRED BY**

### ***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by Government Auditing Standards, issued by the Comptroller General of the United States. This report is based solely on the audit of the basic financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.



# George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT

(A Professional Corporation)

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GOVERNMENT FINANCE  
OFFICERS ASSOCIATION

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Charles Landry  
and the Board of Aldermen  
Village of Morganza, Louisiana

I have audited the financial statements of the governmental activities and business-type activities of the VILLAGE OF MORGANZA, LOUISIANA, as of and for the year ended June 30, 2006, which collectively comprise the Village of Morganza, Louisiana's basic financial statements and have issued my report thereon dated February 26, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

### *Compliance*

As part of obtaining reasonable assurance about whether the Village of Morganza, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*; however, item 2006-2 is a compliance that is required to be reported under the provisions of the *Louisiana Governmental Audit Guide*.

### *Internal Control Over Financial Reporting*

In planning and performing my audit, I considered Village of Morganza, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Village of Morganza, Louisiana's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 2006-1 to be material weaknesses.

This report is intended solely for the information of management, the Town Council, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*George F. Delaune, CPA*

February 26, 2007

**VILLAGE OF MORGANZA, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**Section A - Summary of Auditor's Reports**

- The auditor's report expresses an unqualified opinion on the financial statements of the Village of Morganza.
- One reportable condition was disclosed during the audit of the financial statements which is considered a material weakness.
- One instance of noncompliance was disclosed during the audit of the financial statements.
- The Village of Morganza was determined to be a high-risk auditee for the fiscal year 2006.

**Section B - Findings – Financial Statements Audit**

**2006-1            Thief Loss Discovered**

**Condition**

It was brought to my attention before the start of the audit, that discrepancies were discovered in balances in customer accounts of the utility system. After a preliminary review, it was found that amounts reported on deposit slips did not correspond to the cash collection report of the utility billing system.

I recommended to management that a through internal investigation be made of comparing collections from deposit slips back to daily cash reports and then to customer accounts. Since the employee involved in this position was also the clerk maintaining the log record for fines and tickets, I also recommended an investigation into those records.

**Effect**

The internal reconciliation of both the customer utility accounts and ticket log was not completed as of the date of my audit; but an estimated \$21,099 variance between total receipts posted to the general ledger and collections recorded in the utility program was calculated.

No estimate could be made with regards to fines.

**Cause**

The Village employees two staff people in the office. During the year, personal and medical problems made it impossible to enforce the controls required to keep duties of receipt, processing, and recording of transactions to remain separate. One employee was allowed to receive payments, record the transaction, complete the deposit slip, and make the deposit without supervision or verification.

**Recommendation**

The Village should establish additional procedures to control instances when separation of duties cannot be avoided such as having the Mayor or a Council Member to verify the collection and recording of transactions.

2006-2

**Delay in Audit**

**Criteria**

Louisiana Revised Statute requires an annual audit to be completed within six months of the close of the fiscal year.

**Cause**

As described in Finding 2006-1, the internal investigation into the suspected discrepancies took considerable time to (1) reconcile utility collections and postings and (2) reconstruct the recording of tickets after a computer program was purchased. This delay caused a scheduling problem with the audit and then the auditor had medical problems which caused future delays.

*Village of Morganza, Louisiana*  
*P. O. Box 66*  
*Morganza, LA 70759*

**Corrective Action Plan**

Mr. Steve Theriot, CPA  
Legislative Auditor  
State of Louisiana

The Village of Morganza respectfully submits the following corrective action plan for the year ended June 30, 2006.

Name and address of the independent public accounting firm:

George F. Delaune, CPA, APC  
7663 Anchor Drive  
Ventress, LA 70783

Audit period: July 1, 2005 to June 30, 2006

The findings from the June 30, 2006 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

**Section B - Findings - Financial Statements Audit**

**2006-1          Thief Loss Discovered**

**Condition**

It was brought to my attention before the start of the audit, that discrepancies were discovered in balances in customer accounts of the utility system. After a preliminary review, it was found that amounts reported on deposit slips did not correspond to the cash collection report of the utility billing system.

I recommended to management that a through internal investigation be made of comparing collections from deposit slips back to daily cash reports and then to customer accounts. Since the employee involved in this position was also the clerk maintaining the log record for fines and tickets, I also recommended an investigation into those records.

**Action Taken**

The Village as of February 26, 2007, is still in the process of reconciling the financial records and once completed will turn the matter over the District Attorney. Internal controls have been modified and alternative procedures have been implemented that will ensure verification of the recording of transactions when only one employee is in control.

2006-2

Delay in Audit

**Criteria**

Louisiana Revised Statute requires an annual audit to be completed within six months of the close of the fiscal year.

**Action Taken**

We believe that the corrective action taken with respect to Finding 2006-1 will ensure that the financial statements and records will be available in sufficient time to have the audit completed by December 31. Also, our auditor has assured us that his medical problem will be resolved or he will resign from the audit if in his opinion he can not complete the audit as required by the Louisiana Revised Statutes.

If the Legislative Auditor has questions regarding this plan, please call Diane Grantham, Town Clerk at (225) 694-3655.

Sincerely yours,

*Charles Landry*

Charles Landry, Mayor

**VILLAGE OF MORGANZA, LOUISIANA  
RESOLUTION OF PRIOR YEAR OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

There were no prior year audit findings or questioned costs.